

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the matter of:

LIFELINE AND LINK-UP

WC Docket No.
03-109
CC Docket No. 96-45

COMMENTS OF THE IOWA UTILITIES BOARD

Introduction

In the Notice of Proposed Rulemaking (NPRM) released June 9, 2003, in WC Docket No. 03-109, the Federal Communications Commission (FCC) requested comment on the *Recommended Decision* of the Federal-State Joint Board on Universal Service (Joint Board) regarding modifications to the Lifeline and Link-Up programs. In its *Recommended Decision*, the Joint Board recommended the FCC seek comment on several specific issues. Following are the comments of the Iowa Utilities Board (IUB) on those issues.

Discussion

Expanding the default federal eligibility criteria to include an income-based criterion and additional means-tested programs.

The IUB supports the Joint Board's recommendation for the addition of an income-based standard. Currently, Lifeline/Link-Up eligibility is based on

participants self-certifying, under penalty of perjury, that they participate in at least one of the following means-tested programs: Medicaid, Food Stamps, Supplemental Security Income (SSI), Federal Public Housing Assistance (Section 8), or the Low Income Home Energy Assistance Program (LIHEAP). The Joint Board recommends that a consumer be eligible for Lifeline/Link-Up when the consumer's income is at or below 135% of the Federal Poverty Guidelines. The Joint Board finds that adding the income-based criterion will increase low-income participation in the Lifeline/Link-Up program.

(Recommended Decision, par. 15)

The IUB agrees with the addition of this standard. The elderly in Iowa constitute an ever-growing proportion of the state's population. In fact, Iowa ranks fourth nationally in the percentage of persons age 60 and older. The Iowa Department of Elder Affairs estimates that approximately 20% of these older Iowans are below the \$10,000 annual income level, which makes them likely candidates for Lifeline/Link-Up under the Joint Board's eligibility rules. To the extent these individuals may not already qualify by way of participation in an established means-tested program, they still appear to be a class of consumers that should receive this assistance for affordable telephone service.

Requiring states, under certain circumstances, to adopt verification procedures.

The IUB is not convinced that a state verification process would be cost-justified. Existing automatic enrollment processes have built-in verification

procedures, and there has been no showing that a significant percentage of unverified participants are ineligible.

In Iowa, consumers auto-enroll in the Lifeline/Link-Up programs annually through participation in LIHEAP. Verification is not an issue for participants in LIHEAP because the LIHEAP qualification process includes information that determines the consumer's eligibility for Lifeline/Link-Up, e.g., telephone carrier, telephone number enrollment agreement. Since the inception of this process, 62% of Iowa's Lifeline/Link-Up customers have been automatically enrolled and verified as part of the LIHEAP process.

The majority of the Lifeline/Link-up participants will be re-qualified each year as a part of the qualification process for LIHEAP or one of the other qualifying services. Based on estimates by the carriers, only 10-15% of consumers will sign up for Lifeline/Link-Up directly through their carrier, and there has been no showing that the level of unqualified participants is going to be high enough to justify the cost of a separate verification process. Those costs may be significant for many carriers.

Iowa has a large number of very small ILECs, each serving less than 1,000 access lines. The per-customer cost of re-verifying each Lifeline/Link-Up recipient could be substantial. The Commission should not impose those costs without giving consideration to the burden it would place on carriers.

The FCC issuing national outreach guidelines for the states.

The IUB supports the establishment of additional outreach efforts to sign-up eligible Lifeline/Link-Up customers. However, the IUB notes that most states currently face severe budget constraints. Iowa has no state Lifeline/Link-Up program. Therefore, the IUB suggests that if the FCC requires states to adopt national outreach guidelines, it should provide the states with access to the Universal Service Fund for outreach efforts. This approach would allow each state to localize its outreach efforts to consumers through mailings, bill inserts, or informational meetings without straining already diminished budgets. Lifeline and Link-Up programs vary by state, especially when they enhance the federal programs. With adequate funds and state commissions in control of the development of the outreach materials, utilities, state government agencies, and volunteer organizations involved with low-income assistance could partner to develop a product that addresses the particular needs of each state's consumers.

The reasons for differences in low-income penetration rates over time and among states.

The IUB believes that some of the differences in penetration rates among the states can be attributed to the unique characteristics of individual state outreach programs and the resources available to support those efforts. When Iowa instituted its LIHEAP automatic enrollment process, the Lifeline/Link-Up

enrollment numbers tripled due to the outreach efforts for LIHEAP. Iowa has no state Lifeline/Link-Up program nor does it conduct any outreach other than the basic requirement that Eligible Telecommunication Carriers advertise annually that they provide Lifeline/Link-Up service.

December 21, 2001, the IUB filed comments regarding Lifeline/Link-Up with the Joint Board. Those comments were developed as the result of an IUB staff-led workshop comprised of various state agencies and telecommunications industry representatives. In response to a question from the Joint Board on reasons for low enrollment in Lifeline/Link-Up, the comments said:” ...this may be unique to small, rural or agricultural states, but self-exclusion is a major factor in small communities, especially for the elderly. People do not want it widely known that they are receiving assistance of any kind. LIHEAP is fairly anonymous, community-wise, where as for Lifeline/Link-Up, they are required to contact their local telephone company where the employees are neighbors. Other reasons for individuals not participating may include the fact that the amount of the Lifeline/Link-Up credit available to qualifying customers is not significant and the amount of a telephone bill is fairly consistent month over month. Also, monthly telephone costs are more controllable than say heating costs which fluctuate greatly based upon seasonal usage and seasonal fluctuation in prices.” The IUB believes these points are still relevant. In fact, they prompted the development of the joint LIHEAP automatic enrollment process in Iowa.

Modifying the Lifeline/Link-Up program to directly address barriers posed by outstanding unpaid balances for telephone service.

Although Iowa does not have a state Lifeline/Link-Up program, the IUB believes that it is not necessary to directly address unpaid balances as a part of this program. Generally, it is in the best interest of the telecommunications carrier to work with its Lifeline/Link-Up customers to reach agreeable payment options for unpaid balances. If a customer is disconnected from Lifeline/Link-Up or otherwise refused assistance, the carrier loses the customer and will most likely find it harder to collect any amounts due.

Whether states could adopt verification of continued Lifeline/Link-Up eligibility procedures within one year.

The IUB believes that a verification process should not be required. However, if one is required by the FCC with appropriate inter-governmental agency cooperation and funding, Iowa can most likely establish a verification process within the one-year timeframe suggested by the Joint Board.

Conclusion

The Iowa Utilities Board generally supports the recommendations of the Joint Board and the resolution passed by the National Association of Regulatory Utility Commissioners with regard to modification of the Lifeline/Link-Up program. The IUB offers its comments for consideration by the FCC.

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